

Scale Economics for xTCA

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Outline

- Introduction
- xTCA Scale Economics
- What Does the Future Hold?

xTCA Scale Economics

- Scale economics popularized by Boston Consulting Group (BCG) in 1970s
- For every doubling of unit volume manufacturing, the underlying cost drops by a scale factor
- xTCA appears to enjoy 85% scale factor: in doubling unit shipments, the underlying cost of each unit drops by 85% [Source: Signal Lake]

Server Market Share vs Price

Market Share	2%	4%	8%	16%	32%	64%
Unit Cost-servers	100	85	72	61	52	44
Scale Curve	85%					
GM proprietary	70%	70%	70%	70%	70%	70%
Price Proprietary	333	283	241	205	174	148

ATCA Server Market Share vs Price

Unit Cost-ATCA (addnl due to specs)	2%	4%	8%	16%	32%	64%
Scale Curve	85%					
GM-ATCA	40%	35%	30%	25%	20%	20%
Price-ATCA	250	196	155	123	98	83

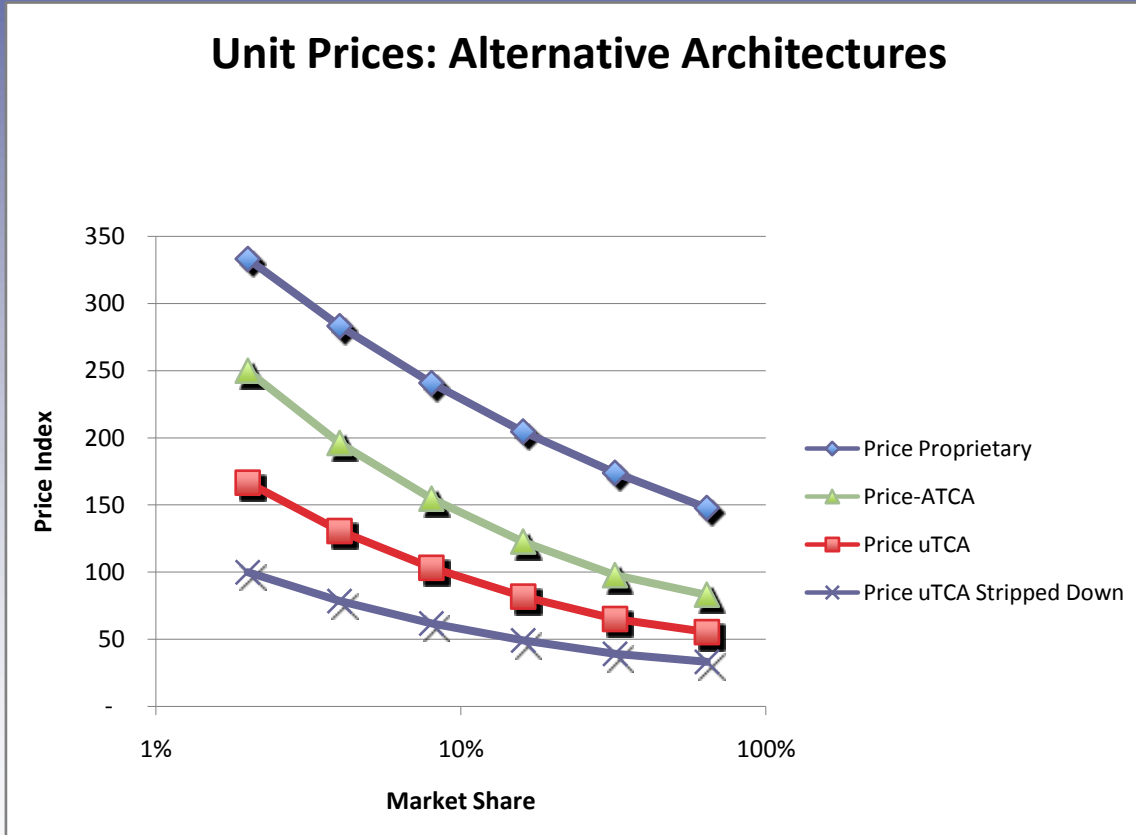
μTCA Server Market Share vs Price

Market Share	2%	4%	8%	16%	32%	64%
Unit Cost-uTCA fully featured	100	85	72	61	52	44
Scale Curve	85%					
GM open standard	40%	35%	30%	25%	20%	20%
Price uTCA	167	131	103	82	65	55

Stripped Server Market Share vs Price

Market Share	2%	4%	8%	16%	32%	64%
Unit Cost- Stripped Down Open Standard	60	51	43	37	31	27
Percent Cost Reduction	40%					
GM open standard Price uTCA Stripped Down	40%	35%	30%	25%	20%	20%
	100	78	62	49	39	33

Pricing vs Architecture



What Does the Future Hold?